

# PETTY CASH POLICY

FINANCIAL YEAR 2017/2018



BIG 5 HLABISA  
MUNICIPALITY

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## **1. Definitions**

The following words and phrases shall, when used in this policy, have the following meanings

- Cashier shall mean the person appointed as cashier under section 4 below
- CFO shall mean the Chief Financial Officer the municipality or his delegate.
- SCM shall mean the Supply Chain Management unit within the municipality

## **2. Objects of Policy**

The object of this policy is to regulate the management, administration and control of petty cash in the municipality

## **3. Scope of Policy**

This policy applies to all staff of the municipality

## **4. Cashier for Petty Cash**

- The CFO shall appoint a member of Finance Department of the Municipality as Expenditure Clerk for petty cash, and the EC shall be responsible for:
  - The safekeeping of Petty Cash in accordance with section 5
  - The receiving and processing of requisitions for petty cash
  - The disbursing of petty cash
  - The replenishing of petty cash
  - The maintaining of a petty cash register

## **5. Safekeeping of Petty Cash**

- Petty cash shall at all times be kept in a suitable petty cash box under the control of the Expenditure Clerk
- The petty cash box shall at all times be kept locked and keys thereof shall be safely kept.
- The petty cash box shall at all times be kept either:
  - Municipal safe
  - Work station of the Expenditure Clerk
  - Under the constant scrutiny of the Expenditure Clerk
- No person other than the Expenditure Clerk or a person designated by the CFO may have access to or open the petty cash box

## **6. Requisitions for Petty Cash**

- If a section within a department requires petty cash, a petty cash requisition in a form approved by the CFO must be completed and signed by the section head, and counter signed by CFO. Such form must state the name of the relevant section, the amount requisitioned, and the reason for requesting.
- The requisition and supporting invoice must be submitted to the Expenditure Clerk who shall check the same to ensure that all the details are in order and who shall thereafter pay over the amount requisitioned to the person submitting it. The recipient shall sign an acknowledgement of receipt for the cash, which acknowledgement shall be co-signed by the Expenditure Clerk.

## **7. Replenishing of Petty Cash**

- When the petty cash float reaches the minimum amount as determined from time to time by the CFO, The cashier shall prepare the replenishment voucher and submit same with the petty cash register to the CFO or delegated person by the CFO.
- If the CFO is satisfied with the voucher, the voucher shall be referred to the designated official who shall make out a cheque to the cashier who shall in turn cash it and immediately place the cash in the petty cash box.
- The petty cash shall balance at every replenishment.

## **8. Petty Cash limits**

- The maximum petty cash shall be R5000.00 WHICH CAN BE REVIEWED BY THE Accounting Officer from time to time.
- The maximum limits shall comply with the limit prescribed in the SCM Regulations and the municipal SCM policy.
- The maximum amount which may be requested per transaction amounts to R500.
- A number of 1000 transactions for the whole municipality per month must not be exceeded.

## **9. Petty Cash Audits**

- The internal auditor or accountant or other designated official shall make surprise inspections of petty cash as and when he/she deems fit, but at least quarterly.
- A count of petty cash on hand shall be carried out at every replenishment and financial year end. The total shall be reconciled to the petty cash requisition forms, vouchers and other supporting documents.
- If this should be necessary, a proper balancing of petty cash shall be performed by a person designated by CFO.

## **10. Petty Cash Transfers**

- Petty cash shall not be transferred for whatever reason from the cashier to anyone else, Should there be a need to transfer petty cash, CFO shall be the one who approves such transfer.

## **11. General**

- Supporting documents must be submitted to the Expenditure Clerk within 72 hours of the advance.
- Long outstanding IOU's should be brought to the attention of the CFO to deal with appropriately.

## **12. Amendment and Review of the policy**

- The petty cash shall be reviewed once a year or at the discretion of the CFO due to changing circumstances as a result of the legislation or otherwise

## **13. Council approval and effective date**

Approval of the policy by Municipal Manager : \_\_\_\_\_

Effective Date : \_\_\_\_\_

Resolution Date : \_\_\_\_\_

